

VILLAGE OF PORT CHESTER
INDUSTRIAL DEVELOPMENT AGENCY

*(A Component Unit of the
Village of Port Chester, New York)
Basic Financial Statements, Required Supplementary
Information, Supplementary Information and
Other Information for the Years Ended May 31, 2022
and 2021 and Independent Auditors' Reports*

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
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Years Ended May 31, 2022 and 2021

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VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)

Members
May 31, 2022

<u>Name</u>	<u>Position</u>	<u>Term Began</u>
Frank Ferrara	Chairman	December 2012
John Hiensch	Secretary	February 1998
Juliana Alzate	Member	April 2022
John Allen	Member	April 2022
Michael Brescio	Member	October 2015
Richard O'Connell	Member	June 2017
James T. Taylor, II	Member	October 2007

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Village of Port Chester
Industrial Development Agency:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, as of and for the years ended May 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of May 31, 2022 and 2021, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Agency Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Agency Investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Agency Investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Issuances and Outstanding Balances, Schedule of Payments in Lieu of Taxes, and the Real Property Listing but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Drescher & Malech LLP

August 2, 2022

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Management's Discussion and Analysis
Years Ended May 31, 2022 and 2021

As management of the Village of Port Chester Industrial Development Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended May 31, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in the Agency's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Agency exceeded its liabilities at May 31, 2022 and 2021 by \$641,417 and \$283,264, respectively. These amounts are considered *unrestricted net position* and may be used to fund the Agency's ongoing operations.
- The Agency's total net position increased by \$358,153 and \$107,823 for the fiscal years ended May 31, 2022 and 2021, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: the Agency's financial statements and notes to those financial statements. This report also contains other information in addition to the basic financial statements themselves.

Basic financial statements—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *statements of cash flows* present the cash provided and used during the fiscal years ended May 31, 2022 and 2021 and how it affects the cash balances at May 31, 2022 and 2021.

The financial statements can be found on pages 9-11 of this report.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-16 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *supplementary information* concerning the Agency’s investments. This schedule is presented on page 17 of this report. Finally, the Agency’s schedule of issuances and outstanding balances, schedule of payments in lieu of taxes and real property listing are in the Other Information section of this report on pages 18-20.

Financial Analysis

The Agency provides administrative assistance to companies within the Village of Port Chester, New York (the “Village”) and has limited operations. The Agency does not have any capital assets, long-term debt or full time employees. When analyzing the Agency’s financial condition and the impact of current year operating activities, it is important to determine whether the Agency has improved or deteriorated from the prior year.

The *statements of net position* and the *statements of activities* can assist in determining whether the Agency’s financial position has improved or deteriorated from the prior year. The *statements of cash flows* provide information about the cash receipts, cash payments, and net change in cash resulting from the operating and investing activities of the Agency during the year. These statements help users assess the Agency’s ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements are presented below.

Table 1, shown below, presents condensed statements of net position at May 31, 2022, 2021, and 2020.

Table 1—Condensed Statements of Net Position

	May 31,		
	2022	2021	2020
Assets:			
Current assets	\$ 659,828	\$ 331,721	\$ 209,016
Liabilities:			
Current liabilities	18,411	48,457	33,575
Net Position:			
Unrestricted	\$ 641,417	\$ 283,264	\$ 175,441

The Agency’s current assets are comprised of cash and cash equivalents, receivables and prepaid items. The total of these assets has increased during the year ended May 31, 2022 and May 31, 2021 as a result of net operating activities.

The Agency’s net position at May 31, 2022, 2021, and 2020 was primarily derived as a result of operating activities and there are no restrictions as to its use.

Agency activities—The Agency’s revenues and expenses resulted in increases in net position of \$358,153 and \$107,823 for the years ended May 31, 2022 and May 31, 2021, respectively, and a decrease in net position of \$64,375 for the year ended May 31, 2020.

Table 2, shown on the following page, presents condensed statements of the changes in net position for the years ended May 31, 2022, 2021, and 2020.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended May 31,		
	2022	2021	2020
Operating revenues	\$ 476,272	\$ 227,177	\$ 10,000
Operating expenses	118,289	102,342	75,820
Operating income (loss)	357,983	124,835	(65,820)
Nonoperating revenues (expenses)	170	(17,012)	1,445
Change in net position	358,153	107,823	(64,375)
Net position—beginning	283,264	175,441	239,816
Net position—ending	<u>\$ 641,417</u>	<u>\$ 283,264</u>	<u>\$ 175,441</u>

Operating revenues are derived from the application and closing of transactions that assist businesses within the Village. This assistance can take the form of lease transactions, assistance with bond issuances or sales tax exemptions (which generally allow businesses to expand). During the year ended May 31, 2022, the Agency's operating revenues consisted of \$454,272 and \$22,000 collected for closing fees, and administrative and application fees, respectively. During the year ended May 31, 2021, the Agency's operating revenues consisted of \$206,177 and \$21,000 collected for closing fees, and administrative and application fees, respectively.

Operating expenses consist of closing costs as well as the cost of administration and consultants, who assist in locating, communicating and matching business needs to Agency programs of assistance.

Significant changes in revenues and expenses for the year ended May 31, 2022 from the year ended May 31, 2021 include:

- During the year ended May 31, 2022, operating revenues increased \$249,095 from the year ended May 31, 2021. The increase can be attributed to significant closing fees recognized on a lease transaction during the year ended May 31, 2022.
- During the year ended May 31, 2022, operating expenses increased by \$15,947 from the year ended May 31, 2021. The increase primarily reflects the increased activity within the Agency related to website support and professional services.

Cash flows—An important factor in the consideration of the fiscal condition is the Agency's cash position and annual cash flows.

Table 3, shown below, presents a condensed version of the Agency's statements of cash flows for the years ended May 31, 2022, 2021, and 2020.

Table 3—Condensed Statements of Cash Flows

	Year Ended May 31,		
	2022	2021	2020
Cash flows provided by (used for):			
Operating activities	\$ (39,289)	\$ 114,743	\$ (94,817)
Investing activities	170	253	1,445
Net (decrease) increase in cash and cash equivalents	(39,119)	114,996	(93,372)
Cash and cash equivalents—beginning	293,593	178,597	271,969
Cash and cash equivalents—ending	<u>\$ 254,474</u>	<u>\$ 293,593</u>	<u>\$ 178,597</u>

The change in cash and cash equivalents in each year is primarily reflective of the results of operations for each of the years presented.

Capital Assets and Debt Administration

The Agency does not own any capital assets, nor has it issued any debt instruments during the fiscal years ended May 31, 2022 and 2021.

Economic Factors

The Agency's basic purpose is to assist business growth and expansion in the Village of Port Chester, New York. The Agency does not rely on any form of taxpayer or other public support. The local economic environment continues to be supportive of business development and expansion. There are several projects in the planning and development stages.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for interested individuals. Questions concerning any information in this report or requests for additional information should be directed to the Village of Port Chester Industrial Development Agency, Treasurer, 222 Grace Church Street, Port Chester, New York 10573.

BASIC FINANCIAL STATEMENTS

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Net Position
May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 254,474	\$ 293,593
Receivables	403,265	36,159
Prepaid items	<u>2,089</u>	<u>1,969</u>
Total assets	<u>659,828</u>	<u>331,721</u>
LIABILITIES		
Current liabilities:		
Accounts payable	14,440	9,425
Due to other governments	<u>3,971</u>	<u>39,032</u>
Total liabilities	<u>18,411</u>	<u>48,457</u>
NET POSITION		
Unrestricted	<u>\$ 641,417</u>	<u>\$ 283,264</u>

The notes to the financial statements are an integral part of these statements.

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Activities
Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Administrative, application and other fees	\$ 22,000	\$ 21,000
Closing fees	<u>454,272</u>	<u>206,177</u>
Total operating revenues	<u>476,272</u>	<u>227,177</u>
Operating expenses:		
Administrative services	28,000	28,000
Professional services	73,640	58,647
Insurance	4,893	4,675
Secretarial	5,200	4,800
Rent	6,000	6,000
Postage and supplies	<u>556</u>	<u>220</u>
Total operating expenses	<u>118,289</u>	<u>102,342</u>
Operating income	357,983	124,835
Nonoperating revenues (expenses):		
Interest earnings	170	253
Financial assistance	<u>-</u>	<u>(17,265)</u>
Total nonoperating revenues (expenses)	<u>170</u>	<u>(17,012)</u>
Change in net position	358,153	107,823
Net position—beginning	<u>283,264</u>	<u>175,441</u>
Net position—ending	<u>\$ 641,417</u>	<u>\$ 283,264</u>

The notes to the financial statements are an integral part of these statements.

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Cash Flows
Years Ended May 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services provided	\$ 22,000	\$ 227,177
Payments made for operating costs	(61,289)	(95,169)
Financial assistance	<u>-</u>	<u>(17,265)</u>
Net cash provided by (used for) operating activities	<u>(39,289)</u>	<u>114,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>170</u>	<u>253</u>
Net cash provided by investing activities	<u>170</u>	<u>253</u>
Net increase (decrease) in cash and cash equivalents	(39,119)	114,996
Cash and cash equivalents—beginning	<u>293,593</u>	<u>178,597</u>
Cash and cash equivalents—ending	<u><u>\$ 254,474</u></u>	<u><u>\$ 293,593</u></u>
Reconciliation of change in net assets to net cash provided by (used for) operating activities:		
Change in net assets	<u>\$ 358,153</u>	<u>\$ 107,823</u>
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Interest income	(170)	(253)
(Increase) in receivables	(367,106)	(7,659)
(Increase) in prepaid items	(120)	(50)
Increase in accounts payable	5,015	4,350
(Decrease) increase in due to other governments	<u>(35,061)</u>	<u>10,532</u>
Total adjustments	<u>(397,442)</u>	<u>6,920</u>
Net cash provided by (used for) operating activities	<u><u>\$ (39,289)</u></u>	<u><u>\$ 114,743</u></u>

The notes to the financial statements are an integral part of these statements.

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VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Notes to the Financial Statements
Years Ended May 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Port Chester Industrial Development Agency (the “Agency”), a component unit of the Village of Port Chester, New York, was created by the New York State Legislature under the provisions of Chapter 632 and is a public benefit corporation established under Title 1 Article 18-A of New York State General Municipal Law. The Agency was established for the purpose of encouraging economic growth in the Village of Port Chester, New York (the “Village”). Members of the governing board of the Agency are appointed by the Village Board. The Agency is a separate entity and operates independently of the Village.

Financial Reporting Entity

The Agency is considered a component unit of the Village. The Village has the ability to impose its will upon the Agency through the appointment process of the governing body of the Agency; however the Village does not have authority to approve the Agency’s budget nor any responsibility for the debt, financing deficits or fiscal management of the Agency.

Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments—Cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Agency reported no investments at May 31, 2022 or 2021; however, when the Agency does have investments they are recorded at fair value in accordance with GASB.

Receivables—Amounts owed to the Agency at May 31, 2022 represent administrative and closing fees.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to Other Governments—Amounts due to other governments at May 31, 2022 represent a payment due to the Village of Port Chester for \$3,971 for video services rendered on behalf of the Agency, as well as amounts due for the cost of office supplies.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At May 31, 2022 and 2021, the Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a futures period and so will not be recognized as an inflow of resources (revenue) until that time. At May 31, 2022 and 2021, the Agency does not have any items that qualify for reporting in this category.

Net Position Flow Assumption—Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted loan or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Revenues and Expenses

Industrial Development Revenue Bond and Note Transactions—Certain industrial development agency revenue bonds and notes issued are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are not obligations of the Agency, the Village or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. Funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. The fee received by the Agency ranges from a half of a percent up to one percent of the borrowing. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

Closing Fees—During the years ended May 31, 2022 and 2021, the Agency received \$454,272 and \$206,177, respectively, which are recorded within closing fees revenue.

Non-operating Activities—The Agency includes interest income and financial assistance, classified as non-operating activities in the statements of activities and classified as operating activities in the statements of cash flows.

Tax Status—The Agency is exempt from Federal income taxes and New York State franchise taxes.

Other

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended May 31, 2022, the Agency implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 93, *Replacement of Interbank Offered Rates*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 93 and 98 did not have a material impact on the Agency’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*, effective for the year ending May 31, 2023, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and No. 99, *Omnibus 2022*, effective for the year ending May 31, 2024, and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending May 31, 2025. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Agency’s investment policies are governed by New York State statutes. There were no investments at May 31, 2022 or 2021. All deposits are carried at fair value. Collateral is required for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits—All deposits are carried at fair value, and are classified by custodial risk at May 31, 2022 and 2021 as shown below:

	May 31, 2022		May 31, 2021	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
FDIC insured	<u>\$ 254,474</u>	<u>\$ 254,474</u>	<u>\$ 293,593</u>	<u>\$ 293,593</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At May 31, 2022 and 2021, the Agency’s deposits were fully FDIC insured.

3. REVENUE BONDS AND STRAIGHT-LEASE TRANSACTIONS

The Agency is an issuer of tax-exempt bond financing secured by property, which is leased to businesses. The bonds are the obligations of the borrower. The Agency's primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising from these transactions are controlled by trustees or banks acting as fiscal agents, accordingly the Agency does not record the assets or liabilities resulting from the completed bond and note issued within its financial statements. The Agency (referred to as the "PCIDA" in the following table) receives administrative fees in exchange for the services provided. The fee schedule can be found below:

Transaction	Application Fee	Fee
Taxable and Tax Exempt Industrial Development Revenue Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the principal amount of the bond series. Over \$10 million - 0.5% of the bond series. Annual (post-closing) administrative fee of \$1,500.
Tax Exempt Civic Facility Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the bond series. Over \$10 million - 0.5% of the bond series. Annual administrative fee (post-closing) of \$1,500 (waivable).
Straight Lease Transactions (including PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1%. Project Costs in excess of \$10 million - 0.5%. Annual administrative fee of \$500.
Sales Tax and/or Mortgage Recording Tax only Transactions (No PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	Minimum \$4,500 or 10% estimated exemption amount, whichever is greater. Annual administrative fee of \$500.

4. RELATED PARTY TRANSACTIONS

The Village is considered a related entity since two Board of Trustees members also serve as Members of the Agency and the Village Treasurer also serves as the Treasurer of the Agency. The Village provides the Agency with certain services and materials at cost, including video services and office supplies. The cost of these services has been included as expenses on the Agency's statement of activities. During the years ended May 31, 2022 and 2021, the Agency independently contracted with the Village Treasurer to perform administrative services at an annual cost of \$9,000. During the years ended May 31, 2022 and 2021, the Agency independently contracted with the Village Junior Accountant to perform administrative services at an annual cost of \$1,000. During the years ended May 31, 2022 and 2021, the Agency retained an independent contractor to perform administrative director services at a cost of \$18,000. During the years ended May 31, 2022 and 2021, the Agency independently contracted with the Secretary for the Village Planning Commission and Zoning Board of Appeals to provide secretarial services at an annual cost of \$2,000 and \$4,800, respectively. During the year ended May 31, 2022, the Agency independently contracted with the Village Planner to provide Agency planning services at an annual cost of \$2,500. During the year ended May 31, 2022, the Agency independently contracted with the Village Information Technology Director to provide secretarial services at annual cost of \$3,200 and information technology related services at an annual cost of \$4,800. The Agency also pays the Village its annual rent of \$6,000.

5. ECONOMIC FACTORS

The Agency relies extensively on administrative, application and closing fees to generate the majority of its annual income. As a result of potential legislative or Board actions, the Agency's ability to generate the administrative fees necessary to support operations may be limited in the future.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 2, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

Presented as supplementary information is certain information as required to be reported under New York State Public Authority Law.

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Agency Investments
Year Ended May 31, 2022

Annual Investment Report—§2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines—The Agency’s investment policies are governed by State statutes. In addition, the Agency has its own written investment policy which was adopted by the Members of the Agency.
- b. Amendments to guidelines—None.
- c. Explanation of guidelines and investments—These guidelines restrict investment of Agency funds to money market accounts and certificates of deposit. The Agency has not made any amendments to its investment policy.
- d. Results of the annual independent audit—The independent auditors have issued an unmodified opinion on the Agency’s financial statements for the year ended May 31, 2022.
- e. Investment income record—Investment income for the year ended May 31, 2022 consisted of:

	Interest Earned
Interest earned on cash and cash equivalents	\$ <u>170</u>

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report—No such fees or commissions were paid during the year ended May 31, 2022.

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OTHER INFORMATION

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Issuances and Outstanding Balances
Year Ended May 31, 2022

Project/Address	Purpose	Federal Tax Status	Issue/ Maturity	Interest Rate	Original Issuance	Principal Outstanding 6/1/2021	Redeemed	Principal Outstanding 5/31/2022
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2046	5.70%	\$ 13,500,000	\$ 11,947,969	\$ 215,277	\$ 11,732,692
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2051	9.00%	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total					<u>\$ 14,500,000</u>	<u>\$ 12,947,969</u>	<u>\$ 215,277</u>	<u>\$ 12,732,692</u>

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Payments in Lieu of Taxes
Year Ended May 31, 2022

Project	Project Address	Pilot Payments				
		School	Village	Town	County	Total
Kingsport Apartments LP Impact Fee	245 King St.	\$ -	\$ 21,025	\$ -	\$ -	\$ 21,025
Kingsport Apartments LP	245 King St.	33,303	16,025	572	5,225	55,125
Southport Mews Preservation LP	50 S. Main St.	76,402	19,101	11,460	-	106,963
Southport Mews Preservation LP, Sidewalk	50 S. Main St.	4,434	1,900	-	-	6,334
Port Chester Housing Authority	2 Weber Dr.	-	35,469	-	-	35,469
JMDH Real Estate of Port Chester, LLC	305 S. Regent St.	253,844	122,147	-	-	375,991
1618 North Main LLC	1618 North Main St.	10,297	4,955	177	1,616	17,045
G&S Port Chester Unit Lease 1, LLC	S. Main St., Waterfront Pl., and Westchester Ave.	258,695	163,791	12,907	117,922	553,315
G&S Port Chester Unit Lease 2A, LLC	Waterfront Pl.	138,783	66,781	2,384	21,776	229,724
G&S Port Chester Unit Lease 2B, LLC	N. Main St. and Westchester Ave.	32,892	15,827	565	5,161	54,445
G&S Port Chester Unit Lease 2C, LLC	Abendroth Ave. and N. Main St.	42,124	20,269	723	6,610	69,726
G&S Port Chester Unit Lease 2D, LLC	200 William St.	12,682	6,102	218	1,990	20,992
G&S Port Chester Unit Lease 4A, LLC	S. Main St.	35,768	17,211	614	5,612	59,205
Total		<u>\$ 899,224</u>	<u>\$ 510,603</u>	<u>\$ 29,620</u>	<u>\$ 165,912</u>	<u>\$ 1,605,359</u>

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Real Property Listing
Year Ended May 31, 2022

1. **Real Property List**—§2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At May 31, 2022, the Agency reported no real property.
2. **Real Property Acquisitions**—There were no real property acquisitions during the year ended May 31, 2022.
3. **Real Property Dispositions**—There were no real property dispositions during the year ended May 31, 2022.

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of Village of Port Chester
Industrial Development Agency:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, which comprise the statement of net position as of May 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 2, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

August 2, 2022